

VZCZCXRO7435  
PP RUEHFK RUEHKSO RUEHNAG RUEHNH  
DE RUEHKO #1601/01 1960048  
ZNR UUUUU ZZH  
P 150048Z JUL 09  
FM AMEMBASSY TOKYO  
TO RUEHC/SECSTATE WASHDC PRIORITY 4568  
INFO RUEKJCS/SECDEF WASHDC PRIORITY  
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY  
RUEAWJA/USDOJ WASHDC PRIORITY  
RULSDMK/USDOT WASHDC PRIORITY  
RUCPDOG/USDOC WASHDC PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY  
RUEKJCS/JOINT STAFF WASHDC//J5//  
RHHMUNA/HQ USPACOM HONOLULU HI  
RHHMHBA/COMPACFLT PEARL HARBOR HI  
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//  
RHMFIUU/USFJ //J5/JO21//  
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA  
RUAYJAA/CTF 72  
RUEHNH/AMCONSUL NAHA 7580  
RUEHFK/AMCONSUL FUKUOKA 5253  
RUEHOK/AMCONSUL OSAKA KOBE 9059  
RUEHNAG/AMCONSUL NAGOYA 2747  
RUEHKSO/AMCONSUL SAPPORO 5770  
RUEHBJ/AMEMBASSY BEIJING 0472  
RUEHUL/AMEMBASSY SEOUL 6497  
RUCNDT/USMISSION USUN NEW YORK 6161

UNCLAS SECTION 01 OF 13 TOKYO 001601

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;  
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;  
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;  
SECDEF FOR JCS-J-5/JAPAN,  
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA  
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR;  
CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 07/15/09

Index:

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's daily schedule (Nikkei)

Political meltdown:

- 4) Democratic Party of Japan (DPJ) files a no-confidence motion in the Lower House and a censure motion in the Upper House against Prime Minister Aso (Asahi)
- 5) Koga quits as LDP's election strategist, but Prime Minister Aso says he will not accept the resignation (Tokyo Shimbun)
- 6) The Diet for all practical purposes is now closed (Yomiuri)
- 7) DPJ happy at being able to crush the LDP, but worried that Aso might quit and a more popular leader will take his place prior to the national election (Sankei)

Opinion polls:

- 8) Aso Cabinet non-support rate in Yomiuri poll now at an astronomical 72.1 PERCENT, with most respondents wanting the national election to be as soon as possible (Yomiuri)
- 9) LDP's base support is shrinking according to latest Yomiuri poll (Yomiuri)
- 10) Poll shows small businesses now feel the economy is getting worse (Nikkei)

Defense and security issues:

- 11) Cargo inspection bill to be scrapped with the closing of the Diet (Sankei)
- 12) DPJ President Hatoyama says his party might be willing to acknowledge nuclear-loaded warship making port calls and transiting Japan (Nikkei)
- 13) Foreign Minister Nakasone says he is unwilling to look into the

allegation of a secret nuclear pact with the U.S. (Yomiuri)  
14) Japan Business Federation proposes easing of Japan's three  
no-weapons export principles (Mainichi)  
15) Government complete final procedures for ratifying international  
cluster-munitions ban treaty (Mainichi)  
16) To end Congressional impasse over F-22s, Senators McCain and  
Levin submit bill to end their procurement, sealing off Japan's bid  
to obtain such aircraft (Sankei)  
  
17) One of the casualties of the DPJ boycott of the Upper House is  
the child-pornography law that is now likely to be scrapped  
(Yomiuri)

#### Articles:

##### 1) TOP HEADLINES

Asahi:  
DPJ submits no-confidence motion to prevent Aso's resignation

Mainichi:  
Voices to seek Aso's resignation remain in LDP

Yomiuri, Tokyo Shimbun and Akahata:  
Upper House approves censure motion against Aso

Nikkei:  
Listed firms' unfunded pension liabilities doubles to 13 trillion  
yen

TOKYO 00001601 002 OF 013

Sankei:  
Introduction of hybrids with expensive automobiles

##### 2) EDITORIALS

Asahi:  
(1) Diet at standstill: Aso's dissolution announcement creates  
unnecessary political vacuum  
(2) Kirin-Suntory merger: Time for realignment with eye on Asian  
market

Mainichi:  
(1) Review of Tokyo assembly election: Political parties should  
concentrate on drafting campaign pledges  
(2) Reelection of Yudhoyono: Continue effort to reconstruct the  
country

Yomiuri:  
(1) Censure motion against Aso passed: Is DPJ going to scrap cargo  
inspection bill?  
(2) Revised Organ Transplant Law: In order to increase rely of  
lives

Nikkei:  
(1) Kirin, Suntory aim at leap abroad  
(2) Anxiety about unity in LDP

Sankei:  
(1) Ruling, opposition parties urged to agree at party-heads meeting  
to pass cargo inspection bill  
(2) Organ transplant: take adequate measures for mental care

Tokyo Shimbun:  
(1) Turmoil in LDP: Is it a sign that LDP will enter the election  
split into two groups?  
(2) Realignment of beer industry: Falling population prompts merger

Akahata:  
(1) 87th anniversary of JCP's funding: Eying future, living the  
present

##### 3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, July 14

NIKKEI (Page 2) (Full)  
July 15, 20

07:36 Took a walk around the official residence.  
10:01 Cabinet meeting at the Kantei. METI Minister Nikai stayed behind. Then met with Transport Minister Kaneko, followed by Agriculture Minister Ishiba.  
10:50 Met with incoming vice minister Suzuki and outgoing vice minister Takino of the Internal Affairs Ministry. Then met with incoming vice minister Kobayashi and outgoing vice minister Nishio of the Environment Ministry, followed by incoming vice minister Tango and outgoing vice minister Sugimoto of the Finance Ministry.  
11:24 Met with incoming vice minister Ono and outgoing vice minister Ozu of the Justice Ministry, followed by incoming vice minister Sakata and outgoing vice minister Zeniya of MEXT Ministry and incoming director general Mikuniya and outgoing director general

TOKYO 00001601 003 OF 013

Sato of the Financial Services Agency.  
12:50 Meeting of the lawmakers' council.  
13:05 Lower House plenary session.  
14:55 Arrived at the Kantei.  
15:31 Upper House plenary session.  
16:32 Met with Chairman Ishida of the Liaison Council of the LDP Secretaries General at the Kantei.  
17:07 Met with Chief Cabinet Secretary Kawamura.  
17:32 Lower House plenary session. Then met with Lower House Speaker Kono.  
18:20 Met with Secretary General Hosoda. Kawamura was present. Kawamura stayed behind.  
19:01 Public Relations Headquarters chief Furuya.  
20:10 Arrived at the official residence.

4) Aim of preventing Aso from stepping down lies in DPJ's submission of non-confidence resolution, censure motion

ASAHI (Top Play) (Slightly abridged)  
July 15, 2009

The Democratic Party of Japan (DPJ) and other opposition parties endorsed a nonbinding censure motion against Prime Minister Taro Aso at a plenary session of the House of Councillors yesterday. This is the second passage of a censure motion against a prime minister, following one against (then) prime minister Yasuo Fukuda in June 2008. Meanwhile, the House of Representatives voted down a no-confidence motion against the Aso cabinet. In these votes, there were no rebels among the Liberal Democratic Party (LDP) members. But anti-Aso moves are still going on in the LDP, and the DPJ is putting more pressure on the LDP.

DPJ plots strategy to have LDP members put confidence in Aso

Taking advantage of the gathered momentum following its overwhelming victory in the Tokyo Metropolitan Assembly election on July 12, the DPJ wants to fight against unpopular Prime Minister Aso in the next general election. By presenting a censure motion and a non-confidence motion, the main opposition party paved the way to draw out a decision by Aso to dissolve the Lower House.

In a meeting of DPJ lawmakers yesterday, President Yukio Hatoyama indicated that the submission of the censure motion and the non-confidence motion prompted the prime minister to announce a timetable for dissolving the Lower House. Hatoyama said:

"As a result of our submission of the censure motion and the non-confidence motion, Prime Minister Aso decided to dissolve the Diet on his own discretion. On Aug. 30 (the voting day), we will see a change in Japanese history."

Due to its crushing defeat in the Tokyo election, the LDP is supposed to have no choice but to decide on the timeframe for Diet dissolution in order to contain the "Aso-dumping" moves. The DPJ calculated that the submission of a censure motion and a non-confidence motion must work effectively to urge the prime

minister to make a decision. This prediction came true. Aso decided on July 13 to dissolve the Diet in the week starting July 21 and hold an election on Aug. 30 after a tug-of-war with senior ruling party members.

However, uncertainty is still looming over a resignation of the

TOKYO 00001601 004 OF 013

prime minister, as DPJ Secretary General Katsuya Okada said: "If the prime minister intends to dissolve the Diet seriously, there is no need to wait another week." Under this situation, the DPJ's another aim was laid in its submission of the non-confidence motion.

LDP members who distance themselves from Aso, including former secretaries general Hidenao Nakagawa and Tsutomu Takebe, voted down the motion in a Lower House plenary session yesterday, causing boos from DPJ and other opposition party members.

In the Lower House, the ruling parties hold a two-thirds majority, so it is difficult to pass a non-confidence motion. In addition, for ruling party members, approving a motion is tantamount to a breach of trust that will lead to the removal of their names from the roll. Given this, LDP members had to place confidence in Prime Minister Aso, and eventually they now find it difficult to move to urge Aso to step down. This was indisputably what the DPJ was aiming at.

Opposition parties have boycotted Diet deliberations following the submission of the resolution. Accordingly, the ruling coalition's attack on Hatoyama over the issue of false donation statements will be blocked.

Looking at disorder in the LDP, the DPJ has started preparations to grab the reins of government. Even so, there are still 50 days until the election. A tense atmosphere is sweeping across the DPJ, as a mid-ranking official remarked: "Nobody know what could happen from now." The ruling bloc intends to continue pursuing the Hatoyama donation scandal. Now that a change of government is taking on a touch of becoming a real possibility, the DPJ needs to hurriedly make preparations for a transfer of power.

In a press conference yesterday, Hatoyama said:

"A change of government was just a dream until now. But if we win the next general election, a change of government will take place. We are determined to fight the election with a stronger sense of responsibility than before."

5) LDP Election Strategy Council Chairman Koga's resignation announcement expanding turmoil in the party; LDP executives come under attack at General Council meeting; Aso says, "I have no intention to accept resignation"

TOKYO SHIMBUN (Page 1) (Full)  
July 15, 2009

Mikio Kanesugi, political department

The turmoil in the ruling Liberal Democratic Party (LDP) has expanded due to party executives coming under attack at a General Council meeting yesterday, as well as Election Strategy Council Chairman Makoto Koga's expression of his intention to resign. Koga expressed his intention to step down from his post to take responsibility for the LDP's crushing defeat in the Tokyo Metropolitan Assembly election on July 12, and for the turmoil he caused by calling on Miyazaki Gov. Hideo Higashikokubaru to run on the LDP ticket in the next House of Representatives election. However, Koga's announcement of "his desertion in the face of the enemy" soon before Lower House dissolution has deepened further anxiety in the party about going into the general election under unpopular Prime Minister Taro Aso's leadership.

TOKYO 00001601 005 OF 013

"I caused the party trouble with the Higashikokubaru issue, so I

will resign," said Koga and left the General Council meeting yesterday. A participant said Koga appeared to have spoken with emotion that he would quit his post, since the party executives were coming under criticism.

Koga had maneuvered to field Higashikokubaru in the general election to help the LDP achieve a victory in the poll. However, many LDP members criticized Koga for trying to ride on the popular Higashikokubaru's coattails, and public opinion reacted coolly. "Since there was a rumor that Higashikokubaru will run in the election from the Tokyo (proportional representation bloc), I was asked by my supporters whether the LDP would be all right with that," said LDP Tokyo chapter head Nobuteru Ishihara. Some say that the Higashikokubaru issue became one of the reasons for the LDP's Tokyo election setback. Koga has been greatly unhappy at being treated like a war criminal.

Aso clearly told reporters last evening: "I have no intention to accept his resignation." He instructed LDP Secretary General Hiroyuki Hosoda to persuade Koga to retract his earlier remark, but Koga has no intention to withdraw for now.

While the LDP is expected to suffer a setback in the upcoming general election, the party's Election Strategy Council chairman made an unusual resignation announcement. The LDP has yet to find any means to regain its party strength. Hosoda's call for "party unity for the election" has not reached the rank and file party members.

6) Censure motion against Prime Minister endorsed, no-confidence motion voted down; Diet effectively in out-of-session mode

YOMIURI (Top play) (Excerpts)  
July 15, 2009

A no-confidence motion against the cabinet submitted by four opposition parties - the Democratic Party of Japan (DPJ), the Japanese Communist Party, the Social Democratic Party, and the People's New Party - was voted down by a majority of votes by the Liberal Democratic Party and the New Komeito during yesterday's House of Representatives plenary session. Meanwhile, the opposition-controlled House of Councillors adopted a censure motion against Prime Minister Taro Aso submitted by the four opposition parties plus the New Party Nippon. Consequently, the opposition bloc has decided to boycott all Diet deliberations, throwing the Diet effectively into an out-of-session mode ahead of its adjournment on July 28. Given the Prime Minister's plan to dissolve the Lower House on July 21, both the ruling and opposition blocs have now effectively kicked off their campaigning for the election on Aug. 30.

Prime Minister Aso told the press corps last night at his official residence: "I feel grateful that almost all LDP lawmakers (opposed) the no-confidence motion. I take the motion seriously."

The motion was voted down with a vote of 333 to 139. Although Kotaro Nagasaki, who has submitted his letter of secession from the LDP, was absent, no LDP lawmakers voted for the motion. Among former LDP lawmakers, ex-METI Minister Takeo Hiranura voted against the motion, while former Administrative Reform Minister Yoshimi Watanabe, former

TOKYO 00001601 006 OF 013

Construction Minister Kishiro Nakamura and others voted for it.

The censure motion (submitted to the Upper House) was adopted with a vote of 132-106. It became the second case to win approval following one submitted in June 2008 against then Prime Minister Yasuo Fukuda. Although the motion is unbinding, the opposition bloc has decided to boycott future Diet deliberations on the strength of the endorsed motion. As a result, 17 government-sponsored bills, including a North Korea ship inspections bill, and 91 lawmaker-initiated bills are now certain to be scrapped.

At an LDP Lower House members' meeting held ahead of the Lower House plenary session, Prime Minister Aso announced a plan to set the stage for reexamining the ruling coalition's humiliating defeat in

the latest Tokyo election, saying, "By taking the result humbly, we will reexamine it and respond to it based on our reflections on the result." Meanwhile, former Secretary General Hidenao Nakagawa sought the replacement of the prime minister, saying, "The party needs a change of heart and people. Discussion must be conducted at a general meeting of LDP Diet members from both chambers."

LDP not to field Higashikokubaru

The possibility has become stronger that the LDP will give up on the idea of fielding Miyazaki Gov. Hideo Higashikokubaru for the upcoming Lower House election, according to an LDP source yesterday. Behind the prospect lies the fact that the party's request for the popular governor's candidacy for the next Lower House election has drawn fire from the public, in addition to its serious setback in the July 12 Tokyo poll that was followed by Election Strategy Council Chairman Makoto Koga's announcement yesterday to step down from the post.

Koga made the following comment to the press corps at LDP headquarters yesterday: "The manifesto (a set of campaign pledges) is our soul. If an agreement is not reached, I wonder what kind of decision Mr. Higashikokubaru will make." Witnessing the LDP's strong reaction, Higashikokubaru cautiously said, "The situation seems very severe."

7) DPJ in optimistic mood but still wary: Ozawa spearheading party with eye on upcoming election

SANKEI (Page 5) (Excerpts)  
July 15, 2009

The endorsement of a censure motion against Prime Minister Taro Aso has boosted morale among members of the Democratic Party of Japan (DPJ) on July 14, with an eye on confronting the prime minister in the campaign for the upcoming Lower House. President Hatoyama said, "The time has come at last." Some are concerned that the party's election stance might cause members to let their guards down due to their great successes in major local elections, including the Tokyo Metropolitan Assembly election.

Deputy President Ichiro Ozawa has been keeping a low profile due to the Nishimatsu Construction scandal. However, he has begun appearing out front, determined to bring about a change in government, his long-cherished desire.

After the Lower House plenary session voted down the no-confidence motion against the prime minister, DPJ Supreme Advisor Kozo Watanabe

TOKYO 00001601 007 OF 013

told reporters with a smile: "Those who voted against the no-confidence motion (among anti-Aso forces in the Liberal Democratic Party = LDP) are now unable to try to oust Aso. We appreciate that we will go into the election while the prime minister is Mr. Aso in terms of our party interests."

The disarray in the LDP caused by Election Committee Chairman Makoto Koga's announcement of his decision to step down is also working as a boost to the DPJ. President Hatoyama said, "What the LDP is doing is undeniably not like that of the ruling party."

The DPJ has assumed an election mode, totally boycotting Diet deliberations. Secretary General Katsuya Okada at a meeting of the lawmakers council and a plenary meeting of Upper House members encouraged participants to focus on the decisive battle, noting: "The Diet session will end today in effect. I would like you to return to your home constituencies and fully engage in (campaign) activities."

Some party members have a sense of alarm with one senior Election Committee member saying, "If an optimistic mood permeates, the ruling parties will recover from a setback." Since there are nearly 50 days until the election, some are concerned that our activities could fall into a slump."

Deputy President Naoto Kan also warned at an executive meeting, "We

must brace up, as a rebound from our landslide victory in the Tokyo election could come."

8) Poll: 56 PERCENT wanted earlier election, 70 PERCENT don't support Aso cabinet

YOMIURI (Page 1) (Abridged)  
July 15, 2009

Prime Minister Aso is now determined to carry out an election for the House of Representatives on a schedule to announce it on Aug. 18 and set voting and vote-counting for Aug. 30. The Yomiuri Shimbun conducted a telephone-based spot nationwide public opinion survey from the afternoon of July 13 through yesterday. Asked about this election scheduling, a total of 56 PERCENT answered that they wanted the election set earlier than that date, with 30 PERCENT saying it was appropriate and 10 PERCENT saying they wanted it set later than that date. Asked about the ruling Liberal Democratic Party's preparedness for the election under Aso, 46 PERCENT said it was good, with 40 PERCENT saying they wanted him to be replaced with someone else. The Aso cabinet's support rate was 18.6 PERCENT, down from the 19.7 PERCENT rating in the last spot survey taken July 2-3 after Aso's ad hoc appointments of cabinet ministers. The nonsupport rate rose to 72.1 PERCENT from 66.4 PERCENT, topping 70 PERCENT since it last did in the March 6-8 survey (74.8 PERCENT).

In the breakdown of public support for political parties, the leading opposition Democratic Party of Japan (Minshuto) scored 30.1 PERCENT (28.6 PERCENT in the last spot survey), with the LDP at 24.8 PERCENT (25.5 PERCENT in the last spot survey).

9) Poll: LDP supporters wavering

YOMIURI (Page 2) (Abridged)  
July 15, 2009

TOKYO 00001601 008 OF 013

The ruling Liberal Democratic Party's crushing defeat in the recent election for the Tokyo metropolitan assembly had great repercussions on its supporters, the Yomiuri Shimbun found from its spot nationwide public opinion survey. The LDP's turf is becoming shaky with Prime Minister Aso as its leader.

Aso has now made up his mind to announce an election for the House of Representatives on Aug. 18 and set voting and vote-counting for Aug. 30. Among LDP supporters, 45 PERCENT said it was appropriate, with 33 PERCENT saying they wanted the election set earlier than that date. Among those who support the leading Democratic Party of Japan (Minshuto), more than 72 PERCENT said the election should have been set for an earlier date, with 23 PERCENT saying it was appropriate. The figures apparently show the difference between the mindsets of DPJ supporters and LDP supporters. DPJ supporters want to keep up the momentum of the DPJ's overwhelming victory in the Tokyo metropolitan assembly election with the House of Representatives election scheduled early on, while LDP supporters want to set up a cooling-off period.

Asked about the outcome of the Tokyo metropolitan assembly election, 46 PERCENT of LDP supporters said it was not good, but 37 PERCENT said it was good. The Aso cabinet's support rate remains low, and the LDP is still in trouble. The figures shown in the survey seem to reflect dissatisfaction with Aso and the LDP.

Such dissatisfaction can also be seen in the ratings on the LDP's preparedness to conduct the forthcoming House of Representatives election with Aso as its leader. Among LDP supporters, 53 PERCENT said it was good, but 37 PERCENT said they wanted Aso to be replaced with someone else. Aso has now set a schedule for the House of Representatives election. The figures, however, show that a number of LDP supporters still want the prime minister to be replaced.

10) Nikkei poll: 41 percent of small- and medium-size businesses see the economy as having worsened, topping those who answered it has improved

NIKKEI (Page 1) (Abridged slightly)  
July 15, 2009

According to a survey of small- and medium-size business operators conducted by the Nihon Keizai Shimbun on July 14, 41 percent of respondents said that the domestic economy has worsened or is showing signs of further deteriorating, topping those who said that the economy has improved, who marked 26 percent. While leading companies' financial health is improving, small- and medium-size businesses remain in severe condition.

However, 31 percent said that they would increase their research and development budgets for fiscal 2009. Despite adverse circumstances, the companies are strengthening their stance of pursuing technical development in such areas as the environment in order to assure future growth.

The survey, the fifth of its kind, was carried out targeting the managers of 500 small- and medium-size businesses throughout the nation. The survey sent questionnaires on June 30 and received replies from 263 by July 10.

The survey asked how respondents compare the present situation of

TOKYO 00001601 009 OF 013

the domestic economy with that of six months ago. Thirty-five percent said that the economy has declined further. The ratio of those who have a negative view of the present economic situation reached 41 percent, if the ratio of respondents who replied that the economy is showing signs of further deterioration - 7 percent - is combined. Only one company or 0.4 percent said that the economy has improved. The ratio of companies that replied that the economy is showing signs of improvement stood at 26 percent.

According to a poll of 100 corporate managers, which this newspaper carried out in late June, targeting leading companies, 49 percent said that the economy has improved, topping those who replied that the economy has worsened - 33 percent. The results of the two polls indicate that while leading companies have started easing production cuts, small- and medium-size companies' business confidence remains sluggish.

11) Cargo inspection bill to be scrapped

SANKEI (Page 3) (Abridged)  
July 15, 2009

A special measures bill allowing the country to inspect cargos of North Korea-related vessels cleared the House of Representatives yesterday afternoon after it was approved by the Lower House Antipiracy Special Committee and a Lower House plenary session by a majority of votes by the ruling parties. Meanwhile, the opposition camp has decided to boycott all Diet deliberations following the House of Councillors' adoption of a censure motion against Prime Minister Taro Aso. As a result, the cargo inspection bill is certain to be scrapped when the Lower House is dissolved.

Japan took the initiative in having the UN Security Council adopt a sanctions resolution on North Korea in the wake of the reclusive country's second nuclear test. Japan's failure to enact the cargo inspection legislation will block the complete implementation of the UN resolution and it might end up destroying a plan to build an international net keeping an watchful eye on North Korea. Further, Japan's failure to join the cargo inspection program might prompt China and other countries that have close ties with North Korea to decide not to implement the UN resolution, seriously affecting the effectiveness of the UN resolution.

The UN sanctions resolution requires all its members to inspect cargo ships with the aim of blocking nuclear- and missile-related materials from entering North Korea. Japan's special measures legislation is designed to empower the Japan Coast Guard (JCG) and customs officers to examine cargos in order to find banned items to North Korea.



The JCG Law only allows inspections of vessels carrying cargos in violation of domestic legislation, such as drugs and weapons. Inspecting civilian goods that could be used for nuclear and missile development is not allowed under this law. In the event a cargo inspection must be conducted, the government will have to apply the Ship Inspection Operations Law after defining the situation as a neighboring contingency that might result in an armed attack on Japan if left unaddressed.

The abolition of the cargo inspection bill will limit Japan's activities to information-gathering and tracking ships by the Self-Defense Forces, leaving cargo inspections to other countries.

TOKYO 00001601 010 OF 013

At a press conference yesterday, Defense Minister Yasukazu Hamada expressed his regret over the bill's fate, while indicating that Japan will continue perform its regular duties, such as gathering information.

12) DPJ Hatoyama indicates approval of port calls, passage of nuclear-armed U.S. warships

NIKKEI (Page 2) (Full)  
July 15, 2009

In a press conference last evening, Democratic Party of Japan (DPJ) President Yukio Hatoyama indicated that his party would allow U.S. warships carrying nuclear weapons to make port calls in Japan and pass through Japanese territorial waters without consulting Japan. It is said that there was a secret pact to allow the U.S. to bring nuclear weapons into Japanese territories when the U.S.-Japan Security Treaty was revised in 1960. Hatoyama said: "Although Japan has maintained the three nonnuclear principles, I acknowledge that Japan has taken realistic response measures regarding certain issues."

Should the contents of the secret pact be acknowledged, it would infringe on the three nonnuclear principles, including one to prohibit nuclear weapons from entering Japan.

Asked by reporters last night about whether he intends to review the three principles if his party takes over the political reins, Hatoyama said: "I did not say so." But the compatibility of his remarks might give rise to controversy. Hatoyama said:

"We cannot sidestep a reality we have to face up to. Once we assume political power, we will fully discuss the issue with the U.S. It would be most desirable for us to openly keep the three principles."

Hatoyama emphasized in the press conference: "It is most imperative for the government to come up with a unified view." Upon saying this was his personal view, he remarked: "Also bearing North Korean issues in mind, the government has taken realistic measures. We also should consider in that direction."

A senior Social Democratic Party member expressed his displeasure last night, saying: "The three principles are the policy of this country. President Hatoyama should not make such a statement."

Aso denies existence of secret pact

Asked by reporters at the Prime Minister's Official Residence yesterday, Prime Minister Taro Aso denied again the existence of a secret pact to allow the U.S. to bring nuclear weapons into Japan, saying: "There was not a secret agreement as I have said from before. I have no intention to examine this issue."

13) FM Nakasone will not reinvestigate "secret agreement"

YOMIURI (Page 4) (Full)  
July 15, 2009

Foreign Minister Hirofumi Nakasone criticized the demand by House of Representatives Foreign Affairs Committee Chairman Taro Kono for the government to revise its reply that "a secret agreement on bringing

in nuclear weapons does not exist between Japan and the U.S." at a news conference on July 14. He said: "I think it is inappropriate for one individual to demand the revision of the government's reply on an important issue like this without solid evidence." He announced that he does not plan to reinvestigate whether such a secret accord exists since "previous prime ministers and foreign ministers have said that the secret agreement does not exist. I have no plans to conduct an investigation."

14) Nippon Keidanren recommends relaxing three arms export principles to open way for joint development

MAINICHI (Page 4) (Full)  
July 15, 2009

Kohei Misawa

The Nippon Keidanren (Japan Business Federation) issued a recommendation on July 14 seeking the relaxation of the three principles of arms export in order to enable joint development of weapons with foreign countries.

The three arms export principles basically ban the export of arms and related technologies. Meanwhile, with the shipment of F-2 support fighters ending in FY11, production of fighters has peaked out, and many affiliated businesses are withdrawing from the market.

Joint international development has become the main trend in the development of next generation fighters in America and Europe. Development by one country has become difficult because this process requires substantial technological innovation and funding. Nippon Keidanren is seeking a review of the three arms export principles claiming that the relaxation of these principles will allow Japanese companies to participate in joint development, and this will contribute to the reinforcement of Japan's defense capability.

15) Government completes ratification procedures for cluster bomb ban treaty

MAINICHI (Page 1) (Full)  
July 15, 2009

Ken Uzuka; Takayasu Ogura, New York

The Japanese government completed on July 14 the ratification procedures for the International Convention on Cluster Munitions (Oslo Treaty) banning the production, possession, and use of cluster bombs, whose duds often cause civilian casualties. It deposited the instrument of ratification with the UN headquarters in New York on the same day. Japan is the 14th country to ratify the treaty after Norway, Mexico, and other countries and is the second country to do so among the G-8 nations after Germany. The government has given emphasis to the prevention of humanitarian damages and worked for the early ratification of the treaty.

The treaty will take effect about six months after ratification by 30 countries. With Japan and Germany's ratification, the effectuation of the treaty next year has become quite probable.

This is the second time that Japan has ratified a disarmament treaty initiated by the concerned countries -- excluding the U.S., Russia,

and China - and NGOs, after its ratification of the Anti-Personnel Mine Ban Treaty in 1998. With this, disarmament has taken shape as a new theme in Japanese diplomacy.

16) F-22 situation in turmoil

SANKEI (Page 9) (Abridged)  
July 15, 2009

Takashi Arimoto, Washington

Concerning the issue over continued procurement of the F-22A Raptor, a state-of-the-art fighter jet model for the U.S. Air Force, Senate Armed Services Committee Chairman Levin (Democrat) and Sen. McCain (Republican), a senior member of the committee, presented a bill on July 13 seeking to discontinue the procurement of F-22s in the 2010 defense authorization bill. McCain, who fought against President Obama in last year's presidential race, is now acting in concert with Obama. Meanwhile, many of the Congress members in the Senate and in the House are calling for F-22 procurement to be continued for job security and other reasons. McCain, however, is now boosting his efforts to bring them around. This is an unprecedented development in the U.S. Congress. In connection with the issue of F-22 exports to Japan, all eyes will be on how the Senate and the House will vote in plenary sessions.

Obama has decided to discontinue F-22 procurement. However, the House Armed Services Committee, following the Senate Armed Services Committee, also approved a bill in late June that additionally earmarked 1.75 billion dollars (approx. 161 billion yen) for the procurement of seven F-22 jets. Levin and McCain voted against the bill. Obama sent a letter to them to ask for their cooperation, saying continued procurement will waste the defense budget.

Obama, who is highly popular, is opposed to continuing F-22 procurement. So is McCain. Nevertheless, many of the Senators and the Representatives are strongly calling for F-22 procurement to be continued. That is because F-22 production straddles more than 40 states, involving more than 25,000 workers, and has a direct bearing on employment in their home constituencies.

The F-22 is regarded as the most likely candidate for the Air Self-Defense Force's follow-on mainstay fighter (FX). The Senate Armed Services Committee has earmarked spending in the bill for a feasibility study of F-22 exports. Levin has named Japan as a target for F-22 exports.

17) Suspension of Diet deliberations to mean scrapping of cargo inspection, child pornography bills, deferring of key legislations

YOMIURI (Page 4) (Full)  
July 15, 2009

With the opposition boycott of Diet deliberations, the Diet adjourned on July 14, in effect. As the Diet will be dissolved next week, 17 bills submitted by the government and 91 bills initiated by Diet members will all be scrapped. Many important bills, including the special measures law on North Korean cargo inspection, which the ruling parties had wanted to pass in the current session, and the amendment to the law banning child prostitution and pornography, on which the ruling parties and the Democratic Party of Japan (DPJ) were engaged in revision discussions, will now be deferred.

TOKYO 00001601 013 OF 013

The cargo inspection bill was passed by a majority vote of the Liberal Democratic Party (LDP) and New Komeito in the House of Representatives in the late afternoon of July 14 and sent to the House of Councillors. However, the opposition-controlled Upper House is expected to not even accept the bill.

This bill will be the legal basis for implementing UN Security Council (UNSC) Resolution 1874 imposing sanctions on North Korea. While there is an opinion that actual cases of Japan inspecting cargo on ships traveling to and from North Korea are not likely, the government is concerned that "the delay in legislation may give rise to doubts about Japan's previous stance of actively calling for the passage of the UNSC resolution."

The DPJ had leaned toward approving the bill, but it has abandoned deliberation on the legislation, giving priority to its confrontation with the Aso administration. At a news conference on July 14, President Yukio Hatoyama explained that, "This bill needs to be passed speedily after the DPJ takes over the administration."

Since the current Diet session is regarded as the last one before the Lower House election, the ruling parties and the DPJ have cooperated to a certain degree in steering Diet business. This is evidenced by the fact that of the 69 new bills submitted by the government, 62 or 89.9 percent were passed, representing a rise of 23 percent points over last year. The enactment rate has recovered to the level in 2007 (91.8 percent), when the "twisted Diet" (where the ruling bloc controls the Lower House, while the opposition controls the Upper House) came to pass. However, in the final phase of the Diet session, political maneuvering over dissolution resulted in stagnation in Diet business.

Time has run out for the deliberation of the amendments to the civil service law and the Narita International Airport, Inc. law, while the amendment to the temporary worker placement law, which will lead to the improvement of working conditions, has not even been scheduled for deliberation.

Meanwhile, with regard to bills initiated by Diet members, while 19 of them, including the amendment to the organ transplant law carried over from the previous session, were passed, many of them made no progress in the deliberation. As to measures to regulate child pornography, which have been criticized by the international community for being too lenient, the ruling parties and the DPJ had been considering banning the downloading and possession of visual images of child pornography, but the bill was not passed by the current Diet session. Diet members involved with this bill say that "it is regrettable that we ran out of time."

POST